

MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
APRIL 19, 1994
CHICAGO, ILLINOIS

A Regular Meeting of the Illinois Gaming Board was held on April 19, 1994. The meeting was held in Room 500 C of the State of Illinois Building, 160 North LaSalle Street, Chicago, Illinois. The meeting was held pursuant to previous Board action and notice was duly and timely given to each Board Member and the general public in conformity with the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: J. Thomas Johnson, Chairman; and Members Gayl S. Pyatt, J. William Roberts and Robert F. Vickrey. Member William B. Browder was absent due to a previous commitment.

Additionally, Interim Administrator Joseph F. Mc Quaid, Chief Legal Donna B. More, the media and the general public were in attendance.

Chairman Johnson called the meeting to order at 9:30 A.M.

Member Roberts moved that pursuant to the Open Meetings Act, 5 ILCS 120/2, (g), (h) and (k) that the Board retire to Closed Session to consider the following subject matter:

1. Staff reports regarding Supplier Licensees
2. Staff reports regarding Occupational Licenses
3. Matters concerning Owners Licenses that were confidential pursuant to the Open Meetings Act
4. Recommendations of the Administrative Law Judge
5. Investigatory matters
6. Personnel matters, and
7. Procedures of the Board.

Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote and the Board retired to Closed Session at 9:32 A.M.

The Illinois Gaming Board reconvened in Open Session at 12:34 P.M. Chairman Johnson and Members Pyatt, Roberts and Vickrey were in attendance.

The first order of business concerned approval of the minutes of March 15, 1994.

Ms. Pyatt moved the minutes of March 15, 1994 be approved, as submitted. Mr. Vickrey seconded the motion. Mr. Vickrey offered one clarification. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was the Administrator's Report. The Chairman recognized the Interim Administrator.

Mr. McQuaid reported that cruise disruptions affected 39.9% of scheduled excursions during March, 1994. The report concerning underage patrons was also distributed.

Mr. McQuaid next introduced Dr. Fred Gertz of the University of Illinois. Dr. Gertz proposed an evaluation be undertaken to assess the economic development of communities with riverboat gambling. He stated that an evaluation of Alton, Illinois could be completed by July, 1994.

Mr. Roberts moved that the Administrator be authorized to enter into a contract with the University of Illinois for an evaluation of economic impact of riverboat gaming. Mr. Vickrey seconded the motion.

Under discussion, Mr. Vickrey requested the study include an examination of local government's use of gaming tax receipts. There being no further discussion, the Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. McQuaid next introduced Audit Consultant, Nicholas Wilke, to discuss a proposal to modify the Board's audit function.

Mr. Wilke requested the Board's approval for the following audit plan recommendations:

1. Segregate auditing functions between financial statement and compliance audits;
2. Retain control of selecting Certified Public Accountants for financial statement auditing but solicit recommendations from owner/licensees on their preference of outside Certified Public Accountants and allow a financial year end other than December 31;
3. Allow Certified Public Accountants performing financial statement audits to perform other traditional services for owner/licensees limited only by the AICAP and SEC pronouncements;
4. Issue requests for proposals from Certified Public Accounting firms to perform compliance auditing and special audit functions as required under the Rules or as deemed necessary by the Administrator; and,
5. The audit staff of the Board will be responsible for monitoring daily gaming tax revenues, reconciliation of auditor reports, review of outside Certified Public Accountants workpapers, review reports from internal auditors, monitoring Internal Control System as well as certain compliance audit functions.

Mr. Roberts moved that the Board approve the staff recommendations. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned updates from applicants found suitable for licensing. The Chairman recognized Elgin Riverboat Resorts.

Mr. Dan Azrak appeared on behalf of the applicant. He told the Board that a dredging permit for the Fox River had been obtained and that relocation of a

Commonwealth Edison power line over the river had been completed. Mr. Azrak also stated that some 400 construction workers were employed on two shifts. He stated that operations were expected to commence October 15, 1994.

The next order of business concerned issues of owner/licensees. The Chairman first recognized Jo Daviess Riverboat Joint Venture.

Mr. Joe Duelman appeared on behalf of the licensee. He told the Board that the joint venture had re-secured the docksite land from the estate of the late Leonard Ring. Mr. Duelman next asked Board approval for a proposed consolidation of interests that would be henceforth known as H.P., Inc. Mr. Duelman noted that no changes in owner/investors would occur under the consolidation plan.

Mr. Vickrey moved that Jo Daviess Riverboat Corporation's 50% ownership interest in the Jo Daviess Riverboat Joint Venture be transferred to H.P., Inc. thereby causing the restructuring of the owner licensee from a joint venture into an Illinois corporation by the name of H.P., Inc. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman next recognized Empress River Casino Corporation.

Mr. Kevin Larson appeared on behalf of the licensee. He requested Board approval for the placement of Off-Track betting devices at the Empress docksite in areas not accessible by minors. He noted that a floor plan had been submitted to staff indicating the location of the devices. Under discussion, Mr. Larson stated that the location of the devices would prohibit persons aged 17 - 20 from wagering on horse races. (It was noted that the Horse Racing Act allows persons 17 years of age or older to wager.) It was also noted that an Off-Track Betting parlor leased to Inter-Track would allow such wagering.

Mr. Vickrey moved that based on the representations of Empress River Casino Corporation that the additional Off-Track betting equipment be approved at the prescribed locations. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The Chairman next recognized Par-a-dice Gaming Corporation.

Mr. Thomas Moore appeared on behalf of the licensee. He requested Board approval for the purchase of investor shares held by Mr. Jacob Barnes and Dr. Dale Geiss. He noted that the purchase would be in the form of treasury stock.

Ms. Pyatt moved that the Par-a-Dice Gaming Corporation be allowed to repurchase Mr. Jacob Barnes' 770,000 shares of the corporation due to the death of Mr. Barnes and Dr. Dale Geiss' 270,00 shares of the corporation. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. John Janicik next appeared on behalf of Par-a-dice to discuss the sale of the vessel, Par-a-dice to Argosy Gaming Company. Mr. Janicik described a proposal under which existing gaming equipment would be sold to IGT North America, a licensed supplier, who would then sell the equipment to Argosy who in

the meantime would purchase the vessel. Approval of the matter was deferred to the May, 1994 Regular Meeting.

The Chairman next recognized Hollywood Casino - Aurora.

Mr. John Janicik appeared on behalf of the licensee. He described a proposed refinancing proposal under which Hollywood would issue \$225 million in notes at 10.5% interest. Proceeds from the notes would be used to refinance all outstanding debt, to provide additional equity to Hollywood Casino - Aurora and to fund additional gaming venues. The proposal was deferred to the May, 1994 Regular Meeting.

The Chairman next recognized Argosy Gaming Company.

Mr. Jeff Roberts appeared on behalf of the licensee. He requested Board approval for Alton Gaming Company to operate a second vessel in Alton, Illinois. Noting that Internal Controls and other specifics had yet to be submitted for staff approval, the matter was deferred to the May, 1994 Regular Meeting.

The Chairman next recognized Harrah's Casino Cruises - Joliet.

Mr. George Kovac appeared on behalf of the licensee. He advised the Board that investor John Q. Hammonds would request approval to change a lending entity to a Joliet, Illinois bank. The matter was deferred to the May, 1994 Regular Meeting.

The next order of business concerned Suppliers Licenses.

Ms. Pyatt moved that the Suppliers License for Nevada Coin Mart be renewed. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned Occupational Licenses.

Mr. Vickrey moved that the Board accept the staff report and recommendations and approve the applications received for Occupational Licenses, Levels 2 & 3. It was noted the motion included 254 Level 2 and 390 Level 3 applications. Ms. Pyatt seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Mr. Vickrey moved that the Board accept the staff report and recommendations and deny the applications received for Occupational Licenses, Levels 2 & 3. It was noted the motion included 6 Level 2 and 20 Level 3 applications. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next item of business concerned Administrative Appeals.

Ms. Pyatt moved that the Board, having reviewed the administrative record, adopt the findings of fact and conclusions of law as stated in the

recommendations of the Administrative Law Judge(s) and deny applications for Occupational Licenses for the following individuals:

Victor Genge
Nichelle Johnson
Jason Kirk
Mark Parkdy.

Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board, having reviewed the administrative record, which includes a valid court order of expungement, grant Robert Hiller an Occupational License, Level 3. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board allow Terry Davis leave to reapply for an Occupational License within one year from the date of his October 19, 1993, denial. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board allow Donald Curler to withdraw his request for hearing thereby rendering the Board's denial a final order. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board allow Ronald San Souci and Michael Dondero leave to withdraw their hearing requests and leave to reapply for an occupational license within one year from April 19, 1994. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Board deny the following individuals' request for hearing as their requests did not comply with Rule 3000.405:

Carrie Johnson
Keith Martin
James Love
Clara Gill Martin
Darren Richardson.

Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business concerned pending investigations. The Chairman stated the Board had reviewed staff reports during Closed Session.

Ms. Pyatt moved that the Complaint for Disciplinary Action, 94-DC-5, involving Hollywood Casino Aurora, Inc. be issued. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Complaint for Disciplinary Action, 94 DC-6, involving Ronald Burbach be issued. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Complaint for Disciplinary Action, 94-DC-7, involving Latanya Phillips be issued. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

Ms. Pyatt moved that the Complaint for Disciplinary Action, 94-DC-8, involving Tim Moran and Glenn Moorner be issued. Mr. Roberts seconded the motion. The Chairman called for the yeas and nays.

The motion was approved unanimously by voice vote.

The next order of business was Old Business. The Chairman stated that the search for an Administrator continued.

The next order of business was New Business.

The business portion of the May 17, 1994 will begin at 1:30 P.M.

It was suggested that the Regular Meeting date be moved to the fourth Tuesday of each month. It was noted that the Regular Meetings for June and August might be canceled; a final decision was to be forthcoming. The July Regular Meeting will be held on July 26, 1994.

Argosy Gaming Company sought recognition to seek approval to move Alton Belle I from Missouri to Illinois. The request was deferred to the May, 1994 Regular Meeting.

The being no further business, Mr. Roberts moved the Board stand adjourned. Mr. Vickrey seconded the motion. The Chairman called for the yeas and nays.

The motion was unanimously by voice vote and the Board adjourned at 2:05 P.M.

Respectfully submitted,

James A. Nelson
Secretary of the Board

